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NSC BRIEFING

24 September 1954

SITUATION IN SOUTH VIETNAM

I. Vietnamese cabinet crisis likely to be resolved by maneuvering, backstage deals rather than by armed test of strength.

A. But, in either case, strength of French expeditionary corps is major factor.

1. French forces, about 100,000 in south with 67,000 still to be deployed from north, far outclass Vietnamese army with 145,000 in south and 35,000 still in north.

B. Moreover, French control arms supply.

1. This important factor in refusal senior Vietnamese officers to back Diem, thus invite French displeasure.

C. Armed forces at Diem's disposal virtually non-existent.

1. Premier can probably count on negative factor that bulk of army rank and file would not move against him.

2. Only other armed groups are those of warlords, still uncommitted.

3. Cao Dai have 10,000 under arms.

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4. Hoa Hao has 15-20,000 but these under different commanders with no common loyalty.

5. Binh Xuyen has armed strength of 3-5,000.

II. Diem must win Cao Dai and Hoa Hao support to have any chance at all.

A. With some armed backing he could count on French reluctance to permit armed outbreak for room to maneuver.

B. Early "alliance" of Cao Dai, Hoa Hao, Binh Xuyen was short-lived; first two disturbed by Binh Xuyen's greed.

C. Cao Dai spokesman for past three days has been telling our embassy his group and Hoa Hao on point of joining in support of Diem.

1. Says Ely urged them to do this but his subordinates are advising them otherwise; said they were getting dizzy from conflicting French advice.

2. French subsidies to these groups give them leverage.

III. Apart from armed strength, Bao Dai is key factor in situation.

A. Legally, only he can order change in government.

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B. All elements in conflict have their men running down to the Riviera to work on him.

C. French official in Paris asserted earlier in week that Bao Dai would act to cause Diem's removal in few days.

D. On 23 September Diem received enigmatic cable from him offering premier opportunity to resign "if he so desires."

E. Vague wording of cable probably designed to enable Bao Dai to make his words fit whatever situation develops.

F. Diem replying he intends shortly to announce reorganization of government with participation of sects and outstanding nationalists.

IV. French obstruction of nationalists and support of opportunist elements playing into hands of Viet Minh.

V. [REDACTED] reveal close interest which Viet Minh giving to political developments in south.

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